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Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals

Report of the Secretary-General

Summary

Policies to boost productive capacities and increase the number of decent jobs are critical both in the short term, to curb the dramatic effects of a prolonged jobs crisis, and in the longer term, to make economic growth more sustainable, inclusive and equitable. In the present report, the Secretary-General examines global labour market trends, providing an assessment of progress towards meeting goals and commitments related to employment and decent work. He highlights measures and institutions that have proved effective in encouraging job and enterprise creation, in boosting skills and productive inclusion, in supporting successful labour market transitions and in ensuring that workers have adequate social protection and a fair share of earnings. The Secretary-General underlines the interlinkages between those measures and the progress towards poverty eradication and other internationally agreed development goals. He argues the need for immediate, coherent and globally coordinated macroeconomic policies to increase production, income and the number of high quality jobs, in line with the principles and objectives of the Global Jobs Pact. He also calls for distinctive initiatives to address the special labour market vulnerabilities of young women and men, to build nationally defined social protection floors for social and economic resilience, and to support a just transition to a greener economy. United Nations agencies, international institutions and donors can play an important role in assisting Governments in designing and implementing realistic and cost-effective measures in a coordinated manner, while engaging business, civil society and trade unions.

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The present report should be read in conjunction with the report of the Secretary-General on macroeconomic policies for productive capacity, employment creation, sustainable development and the achievement of the Millennium Development Goals, in the context of sustained, inclusive and equitable economic growth in pursuit of poverty eradication.

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I. Introduction

1. A prolonged jobs deficit is damaging the economic and social fabric of countries around the world. Action is urgently needed to boost productive capacities, investment and the number of decent jobs and to sustain the incomes of working families, the poor and the vulnerable. While critical for stronger economic recovery, such measures should also strengthen the foundation for reform to make growth and development more sustainable, inclusive and equitable.

2. The financial and economic crisis of 2008-2009 has exacerbated the jobs crisis. Global unemployment is estimated to have increased from 170 million in 2007 to an unprecedented high of 197 million in 2011. A decrease in labour force participation masked an even worse unemployment scenario. Many people are so discouraged they have stopped looking for work.

3. Owing to the recent slowdown in growth, the world economy is likely to create only half of the 80 million jobs needed over the next two years to reach the pre-crisis employment rates. International Labour Organization (ILO) baseline projections suggest a further increase in global unemployment, up to 200 million in 2012 (of which about 75 million would be young people and 84 million female) and 206 million in 2016. As joblessness persists, the scars it leaves on individuals, families and the cohesion of societies will deepen.

4. Unemployment is the most visible, but not the only manifestation of widespread distress in the labour market. The quality of jobs is also under threat. Underemployment and informal and casual work are expanding, and with them the risk of undermining labour standards and exposing workers to greater insecurity. Even before the crisis, there had been a rise in precarious jobs[1] owing to increased casualization and outsourcing. ILO estimates that the overall share of workers in vulnerable employment has now reached 1.53 billion, equivalent to over half (50.1 per cent) of the world's labour force. The number of women and men in vulnerable employment is estimated to have increased in 2009 by as much as 110 million compared to 2008. This precarious jobs situation is exacerbated by the uncertain nature and pace of economic recovery.[2]

5. Women are disproportionately represented in precarious work situations. Around the world, women face the risks of short hours, low pay and limited access to benefits. Precarious work is a key factor contributing to the global pay gap between men and women.

6. Precarious work shifts social risks away from employers and Governments on to individual workers and their families. These risks affect not only vulnerable workers, but also their families and society at large. Precarious work is, in short, creating greater economic inequality, insecurity and instability.

7. In many countries, real wages for working people are falling or remain stagnant despite increases in labour productivity.[3] Excluding China and adjusting for inflation, global wage growth slowed from 2.2 per cent in 2007 to only 0.7 per

[1] Precarious work refers to forms of work characterized by atypical employment contracts, limited or no social benefits or statutory entitlements, a high degree of job insecurity, uncertain job tenure, low wages and high risk of occupational injury and disease.

[2] ILO, *Global Employment Trends 2012*.

[3] ILO, *World of Work 2011*.

cent in 2009. While world averages remain slightly positive, real wages actually decreased in many countries.[4] As working families are confronted with increased hardship, they cut spending for goods and services, further depressing economic activity and business confidence.

8. It is the poor and the vulnerable that suffer the most from a faltering world economy. Overall, the families of one in every three workers in the world are living below the $2 per day poverty line. High food prices and increasing food price volatility, together with the growing intensity of climate hazards, pose additional challenges to the jobs situation. Despite progress in reducing extreme poverty in parts of Asia, the number of the working poor is expanding in several other regions, including sub-Saharan Africa, North Africa, South Asia and the Middle East. This raises doubts concerning the possibility of achieving the Millennium Development Goals in those regions. The prospects of the least developed countries for achieving Millennium Development Goal 1 on poverty reduction are especially uncertain.

9. Globally, the impact of the crisis was particularly harsh for young people. The lack of high quality job opportunities for young people in the richest economies, as well as in the poorest countries, where labour force growth is higher, is striking. In some industrialized countries, youth unemployment rates have reached 50 per cent. Joblessness, combined with vast inequalities in income and productivity within and across countries, intensifies social distress and increases illicit activity and economic migration. In the globalizing labour markets of today, as never before, poverty anywhere is a threat to prosperity everywhere.

10. International migration and remittance flows represent significant factors in the global unemployment discourse. In 2010, there were an estimated 214 million migrants, 60 per cent of whom moved to developed countries. Although flows of migrants into developed countries have been decreasing since 2008, the unemployment rates of migrants have risen more sharply than those of citizens.

11. In this uncertain global scenario, the United Nations commitment to the promotion of productive capacity, employment and decent work is as significant as ever. There is a need to reaffirm the Declaration concerning the aims and purposes of ILO (Declaration of Philadelphia), in which it is stated that labour is not a commodity.

12. The Millennium Development Goals framework recognizes that employment — if it brings adequate remuneration, income security and protection under international labour standards — is a crucial driver of sustainable, inclusive and equitable economic growth and is essential to poverty reduction. International development cooperation can make a significant contribution to national efforts to promote productive capacities, decent work and social protection floors.

13. In 2005, countries committed at the World Summit to making full and productive employment and decent work for all, including for women and young people, a central objective of national development strategies and international policies (see General Assembly resolution 60/1, para. 47). This commitment was reaffirmed at the high-level segment of the substantive session of 2006 of the Economic and Social Council and at the coordination segment of the substantive session of 2007 (see Council resolution 2007/2), as well as with the launch of the

[4] "Living with economic insecurity: women in precarious work", *ITUC Report* (March 2011).

Second Decade for the Eradication of Poverty in 2008 (see General Assembly resolution 63/230). In 2009, in the wake of the global financial and economic crisis, the Economic and Social Council welcomed the Global Jobs Pact, acknowledging that the decent work agenda provided the foundation for policy efforts to mitigate the social impacts of the crisis and boost economic recovery, and encouraged Member States to take on key elements of the Pact's policy framework in their efforts to address job growth (see Council resolution 2009/5). The 2010 Development Cooperation Forum highlighted the role of aid in bolstering the creation of employment and the eradication of poverty. Subsequently, the Istanbul Programme of Action, adopted at the Fourth United Nations Conference on the Least Developed Countries, underscored a clear commitment to increasing investment in infrastructure, agriculture and technology transfer to generate employment in least developed countries.

14. In the present report, country experiences with investment, employment and labour market policies are considered. The report provides a review of the implementation of the Global Jobs Pact by the United Nations system, as requested by the Economic and Social Council in its resolution 2011/37. In the report it is underscored that a comprehensive enabling international environment for fairer globalization plays a decisive role for sustainable growth, employment and decent work.

II. Inclusive, sustainable and equitable economic growth: the jobs nexus

15. A fair chance at a decent job is critical for the majority of individuals and their families. For households, productivity and quality of work are major determinants of life quality, affecting nutrition, health and education. For society, adequate opportunities for productive and decent work — safe and productive employment, social protection, fair treatment and respect for rights at work — guarantee inclusion and cohesion. Work is particularly important for the poor, whose labour is often their only asset and a primary route to poverty eradication.

16. However, economic policy in recent decades has emphasized short-term macroeconomic stability — defined as low inflation (usually below 5 per cent) and low budget deficits (usually below 3 per cent of gross domestic product) — assuming employment would follow and viewing labour standards and policies and regulations concerned with work quality and job security as potential hindrances to competitiveness.

17. In the aftermath of the global financial crisis, employment has re-emerged as a top political priority. However, the assumption that greater labour market flexibility will improve the gloomy job situation and stem rising unemployment levels still seems to enjoy widespread support.[5]

18. There are two key considerations that have been overlooked in the uncritical embracing of labour market flexibility. First, countries with labour-friendly

[5] See World Bank, "How should labor market policy respond to the financial crisis?" (April 2009). In a lead article, *The Economist* has pinned its hopes on a renewed commitment to a global agenda of labour market flexibility in order to cope with worldwide job losses and enact an employment-led recovery ("When Jobs Disappear", *The Economist*, 19 March 2009).

regulations seem to be associated with greater wage equality. Second, labour market flexibility runs the risk of impairing longer-term growth if the changes lead to a low-pay-low-productivity trap.

19. Therefore, efforts to create employment with rising real wages should be associated with investment in productive capacities and growth of aggregate demand. In order to accelerate employment, a combination of macroeconomic policies that foster stable patterns of investment and consumption, together with sound social and labour market policies, is required. Such policies should aim to provide equal productive opportunities for all; address social and income inequalities as obstacles to sustained economic growth and improved social outcomes; and maintain social cohesion and stability.

20. Experience with the Millennium Development Goals has demonstrated the need to go beyond a single focus on basic social services for the poorest in the fight against poverty. Countries that have made major advances — for instance in Asia and Latin America — have endeavoured to address the structural factors underlying poverty by incorporating such objectives into their economic strategies. They have combined extensive social programmes with proactive strategies to expand and diversify production. This was supported by macroeconomic policies that fostered structural change, investment and job creation, such as reducing capital flows and exchange rate volatility, providing inclusive access to finance and absorbing business cycle fluctuations.[6] The Economic and Social Council, in particular the Development Cooperation Forum, can help promote knowledge exchange, sharing of experiences and peer learning in such areas by Governments and other stakeholders.

21. Enterprise creation and the generation of opportunities for productive inclusion across all segments of the labour market are key drivers of success. As productivity increases in modern sectors, it is essential to strengthen labour market policies and institutions (for example, skills development, minimum wage and employment protection legislation) in order to ensure fair distribution of opportunities and benefits. In some countries, such as Brazil, strategies to progressively integrate all workers into a formal system of social protection, benefits and taxes, combined with transfers that supported the purchasing power of the poorest, paved the way to a gradual transition out of the informal economy. Such experiences underline the importance of an integrated development agenda centred on productive capacities, employment and decent work that takes advantage of the synergies of interrelated policy actions. The world's difficult labour market situation makes it urgent to accelerate efforts in this regard.

[6] Article IV of the Articles of Agreement of the International Monetary Fund states the objective of monetary policy as reasonable price stability to foster orderly economic growth with due regard for country-specific circumstances.

Box 1
Inclusive growth in Brazil

The recent growth pattern of Brazil is in part attributable to a reduction of informality, inequality, poverty and hunger. A combination of measures to raise minimum wages and to increase the scope and coverage of income transfers helped support the purchasing power of the lower and middle classes, reducing historically high levels of inequality. Small and medium-sized enterprises were aided by simplified business registration and lower taxation. About 1.3 million jobs are estimated to have been created or saved as a result of enhanced social transfers. Labour inspection and increased awareness of workers' rights also raised labour standards and supported the generation of decent jobs. The capacity of the domestic manufacturing sector to take advantage of increased local demand, the role of public banks, and high commodity export prices were other factors behind Brazil's strong and fast recovery.

Box 2
Employment policies in China

China's spectacular economic growth was accompanied by policy initiatives to balance the opening of the economy with domestic labour and social developments. Since 1986, the reform of the employment system in State-owned enterprises had introduced rules for recruitment, dismissal and unemployment insurance, together with re-employment schemes and social protection for laid-off workers. The Active Employment Policy of 2002 evolved from the initial concern with laid-off workers in State-owned enterprises to a comprehensive range of policies to contain unemployment and extend social protection nationwide. The main elements included re-employment funds, job placement and vocational training, incentives for business start-ups, microcredit guarantees and social insurance subsidies. Employment policies that proved effective and feasible were considered for upgrading through the enactment of the Employment Promotion Law in 2008, which set principles for the promotion of fair employment and the obligations and responsibilities of the Government with respect to full employment. The implementation mechanisms for the Employment Promotion Law helped China cushion the adverse employment effects of the global crisis and deal with the challenges of changing labour relations and the extension of social protection to a rapidly ageing population.

The global jobs challenge

22. The recent economic slowdown has exacerbated the existing global deficit of decent work. In all regions, the crisis produced a marked slowdown in the pace of employment growth. The absolute number of workers grew, but at a slower rate than the rate of increase in world population. The global employment-to-population

ratio[7] registered an unprecedented decline from 61.2 per cent in 2007 to 60.2 per cent in 2010 (from 48.9 to 47.8 per cent for females). Despite an upturn in world output, the global employment-to-population ratio remains well below its pre-crisis level and may drop again if the global economic situation deteriorates.

Table 1
Employment and labour productivity growth

	Average annual employment growth (percentage)		*Average annual growth in labour productivity (percentage)*	
	2002-2007	*2008-2011*	*2002-2007*	*2008-2011*
World	1.8	1.1	2.5	1.6
Developed economies and the European Union	1	(0.3)	1.4	0.5
Central and South-Eastern Europe (non-European Union) and Commonwealth of Independent States	1.1	0.8	6.1	1.1
East Asia	1.2	0.6	8.6	7.8
South-East Asia and the Pacific	1.8	1.9	4.1	2.6
South Asia	2.2	1	5.4	6.1
Latin America and the Caribbean	2.5	1.9	1.4	1
Middle East	4.5	3.2	0.9	0.9
North Africa	3.4	2	1.4	1.8
Sub-Saharan Africa	3.1	2.8	2.5	1.5

Note: Figures for 2011 are preliminary estimates.
Source: ILO, *Global Employment Trends 2012*.

23. The impact of the economic slowdown on employment was particularly strong in developed economies, where job growth turned negative. All developing regions maintained positive employment growth, but the pace dropped significantly compared to the pre-crisis period. Worldwide, labour productivity growth (output per worker) decelerated in 2008-2011 relative to the average for 2002-2007 (see table 1). This means that the decline in employment growth cannot be attributed to faster productivity growth. Rather, both are the results of declines in aggregate demand.

[7] The number of the employed over the working age population (aged 15 and above).

Table 2
Labour productivity (output per worker) as a percentage of productivity levels in developed economies, by region, in 1991 and 2011

	1991	*2011*
	(Percentage)	
Middle East	64	53
Central and South-Eastern Europe (non-European Union) and Commonwealth of Independent States	38	35
Latin America and the Caribbean	37	32
North Africa	27	25
East Asia	6	20
South-East Asia and the Pacific	10	14
South Asia	6	11
Sub-Saharan Africa	9	8

Source: ILO, *Trends Econometric Models* (October 2011); World Bank, *World Development Indicators 2011*.

24. In most developing regions, a modern sector with relatively high productivity and high quality employment coexists with a sluggish traditional sector. Even with rapid expansion, the modern sector is often too small to absorb surplus labour and new entrants to the formal labour market. The persistence of low average levels of productivity (see table 2) reflects the large number of people who remain trapped in casual work and subsistence activities in agriculture, the urban informal economy or informal self-employment. Therefore, transition to more modern activities is critical in order to generate regular increases in productivity and growth, thereby sustaining poverty reduction (see sect. IV below).

25. Two indicators help gauge the extent of vulnerability in developing countries' labour markets. The working poor are defined as those who are employed but subsist on incomes that are below the international poverty lines of $1.25 or $2 per day. According to new ILO estimates for 2011, 456 million workers had incomes of less than $1.25 per day, and over 910 million less than $2 per day. Those numbers were significantly lower than in 2000, in particular for the former group. The near doubling of the number of working poor when a $2 per day measure is used reflects the large number of people living very close to the poverty line who can be pushed to poverty by even minor shocks.

26. The share of vulnerable employment in total employment is another indicator of the poor quality of jobs in a developing country. The number of workers in vulnerable employment worldwide — defined as the sum of own-account workers and contributing family workers — is estimated to be around 1.5 billion. The incidence of vulnerable employment remains very high in South Asia (at 77.7 per cent), sub-Saharan Africa (76.6 per cent) and South-East Asia and the Pacific (61.6 per cent), with a strong prevalence of women in such jobs. Vulnerable employment accounted for a large portion of the jobs generated in those regions since 2007, masking the true employment impact of the crisis in these countries.

27. Lack of employment or access to decent employment generally causes persons with disabilities to have lower incomes. Furthermore, they spend a significant percentage of their incomes and resources to cover additional costs related to disability. Meaningful employment can create conditions for persons with disabilities to become active contributors, instead of passive recipients, and thus reduce the overall costs of poverty reduction programmes.

28. The crisis hit young people particularly hard. Between 2007 and 2011, the number of unemployed young people (aged 15-24) worldwide increased by an unprecedented 4.5 million. A quarter or more of the young people in Western Asia and North Africa and one fifth of those in the countries with economies in transition are unemployed. In other developing regions, unemployment among young people has increased more than for other age groups. Young people also often face precarious working conditions and are overrepresented among the working poor. They account for 23.5 per cent of poor workers in countries with available data, against 18.6 per cent of non-poor workers.[8]

29. This large stock of poor young workers exists alongside strong demographic growth. According to ILO projections, about 400 million new jobs will be needed over the next 10 years just to keep pace with the increase in the labour force worldwide. Demographic pressures are more significant in the poorest countries. In the least developed countries, where 60 per cent of the population is under the age of 25, about 15 million new jobseekers per year are projected to enter the labour market between now and 2050. A large and growing young population can be a driver for economic growth and social progress provided they enjoy education, health and decent employment. Without these prerequisites, many young people will not be able to escape poverty and vulnerability. The disenchantment of young people facing unemployment and exclusion is reflected in many ways, not least through the protests that have unfolded in countless cities and countries in recent months.

Box 3
Regional priorities

Three regional meetings were organized in support of the annual ministerial review of the Economic and Social Council in 2012. Each meeting focused on the specific regional priorities pertaining to the theme of the review and brought together a diverse group of stakeholders, including Governments and representatives of the private sector, civil society and the United Nations system. Although challenges vary across regions, common priorities include the need for full and productive employment policies, inclusive growth and development strategies and improved matching of education and training curricula with labour market needs.

The meeting for Asia and the Pacific, on the theme of "Promoting productive capacity, employment and decent work in Asia and the Pacific: a regional approach to sustained, inclusive and equitable growth and achieving the Millennium Development Goals", was held in Kyoto,

[8] ILO, "Working poverty in the world: introducing new estimates using household survey data", in *Key Indicators of the Labour Market*, 7th Edition (Geneva, 2011).

Japan, on 7 December 2011. Issues discussed included integrating employment objectives into national development strategies, overcoming gender gaps in labour force participation and increasing domestic demand for sustained growth.

The meeting for Africa, on the theme of "Small and medium-sized enterprises as drivers of productivity and job creation", was held in Addis Ababa on 25 March 2012. Issues discussed included making growth more inclusive, creating an enabling environment for successful small and medium-sized enterprise development and promoting enterprise development that results in productivity gains and job creation.

The regional meeting for Latin America and the Caribbean was held in Montevideo, on 27 April 2012, on the theme "Productivity, employment and social protection". The outcomes of the meeting included recommendations to address regional labour challenges, through the establishment of social protection floors to address inequality; the development of a methodology to map labour market needs, design education and training initiatives and improve the quality of jobs; the diversification of economic activities to minimize vulnerability to external shocks; the establishment of a global high-level panel on jobs to develop better policies for employment creation; the development of regional youth employment programmes; the revival of the United Nations youth employment network; and strengthening social dialogue mechanisms.

III. A global jobs pact

30. At the onset of the global financial crisis in 2008, most countries embarked on discretionary fiscal stimulus measures. Those actions — taken simultaneously — made a difference, boosting growth and increasing the number of jobs in the midst of a dramatic recession. Fiscal packages prioritized support to the banking sector in order to avoid the risk of a financial meltdown, but they also included measures to retain jobs and sustain incomes. Employment rebounded promptly in emerging economies, in part thanks to interventions that favoured public spending for infrastructure, social protection and access of productive enterprises to credit. Soon, however, priority shifted to fiscal consolidation and austerity measures.

31. The current outlook of sluggish global output calls for a new series of coordinated policies to boost the real economy, jobs and incomes. Fiscal space may not be large, but a series of relatively modest simultaneous national measures to promote investment in decent jobs could go a long way towards restoring confidence and, through multiplier effects, reinforcing the consumption and investment drivers needed to raise global economic growth.[9]

[9] According to the Department of Economic and Social Affairs, a coordinated strategy for jobs could accelerate growth by between 1 and 2 percentage points in both developed and developing economies, helping employment rates return to their pre-crisis levels by 2016 (see *World Economic Situation and Prospects 2012*, New York, 2011).

32. Action is needed in the developed economies, where growth is stagnant, as well as in the developing countries that are weathering the crisis relatively well, but where poverty remains deep-seated and labour markets highly vulnerable. In particular, in the emerging economies that have gained greater economic autonomy in recent decades, new measures to favour investment provide an important opportunity for poverty eradication and future productivity, by addressing the needs of young people, extending social protection and preparing the transition to greener and more sustainable development. These countries, which often emerge as new partners in development cooperation, can share valuable lessons with other developing countries. South-South and triangular cooperation are expected to be drivers in all three pillars of sustainable development in the future.

33. The specific circumstances, priorities and needs of each country and region differ, as does the scope for action. Countries that enjoy stronger debt and budgetary positions can afford expansionary fiscal policies. Countries running deficits might be able to moderate the pace of consolidation if they have the support of a global growth strategy. In each case, new fiscal space could be gained by reallocating current expenditures to those measures that have greater impact on employment generation and social protection, matching increases in spending with tax reforms to enhance revenue collection and eliminating inefficiencies and corruption.

34. While macroeconomic stability is crucial, increased budget allocations for agricultural and rural development are critical in countries with a young population, where agriculture is the mainstay of the economy and a major employment sector, but its performance is below potential. In such contexts, the macroeconomic framework should foster the expansion of productive capacity and mobilization of domestic resources, while aiming at medium-term fiscal sustainability.

35. The rationale for a global strategy is well established. No country or group of countries can act alone. In a situation in which countries have no incentive to pursue anything other than an "each on its own" strategy of export-led growth based on low wages, inaction would lead to a race to the bottom. In developing countries, inaction would lead to a situation in which not enough jobs were created to absorb the large amount of surplus labour, particularly in a situation where consumption growth in industrialized economies is no longer inflated by overvalued assets and cheap credit.

36. The call for action is coming from many different quarters. The Group of Twenty (G20) has reinforced its commitment to promoting growth and jobs through the action plan agreed in Cannes in November 2011. A framework for multilateral cooperation exists through the G20 mutual assessment process (MAP). However, there has been some hesitation when it comes to initiatives on the fiscal front, and strategies for containing unemployment and underemployment reflect conventional thinking (e.g. liberalizing labour and product markets, developing human capital and reducing regulatory burdens). Given the scope of the global employment challenge, this approach is likely to fall short.

37. A much stronger approach, centred on the promotion of a job-rich and robust recovery, is needed. In the words of the Secretary-General: "The time has come to write a new social contract for the twenty-first century. That contract must include a Global Jobs Pact."[10]

[10] Remarks to the 2011 Labour Summit (available from http://www.un.org/apps/news/infocus/sgspeeches/statments_full.asp?statID=1366).

38. Adopted in June 2009 by the tripartite constituency of the ILO, the Global Jobs Pact provides a set of internationally agreed principles and policy measures aimed at supporting a rapid recovery sustained by investment, enterprise development, social protection, rights at work and social dialogue. Endorsed by the General Assembly (see resolution 65/1) and welcomed by the G20, the Pact calls for the rapid implementation of a coordinated set of measures including support of sustainable enterprises, building adequate social protection for all, enhancing the quality of public services and ensuring synergies between State action and the market. Countries have applied some of the measures suggested by the Pact in their stimulus plans, adapting them to their specific national circumstances and needs.

39. The Pact highlights the situation of vulnerable groups, in particular youth at risk, low-wage and low-skilled workers, workers in the informal economy and migrant workers. It recommends measures to retain employment and facilitate labour market transitions through the strengthening of skills development, high quality training and education, public employment services and other labour market institutions. It warns against protectionist solutions as well as the damaging consequences of deflationary wage spirals and worsening working conditions. It underlines the need, at times of heightened social tension, to ensure respect for international labour standards and to engage in meaningful social dialogue. Finally, it recommends that short-term actions be coherent, with economic, social and environmental sustainability.

Box 4
Indonesian Jobs Pact

The Indonesian Jobs Pact highlights four areas that are based on the national medium-term development plan and the priorities of the social partners: creation of employment; strengthening industrial relations; enhancing the quality and coverage of social protection; and improving labour productivity. Investment in infrastructure was both a countercyclical and a developmental policy. It combined strengthening of an existing project of infrastructure investment with reduction of income taxes to sustain household demand. Community-based infrastructure investment programmes had a large employment and growth multiplier at the local level and contributed to vocational and entrepreneurial skills development, poverty reduction and inclusive growth. One million jobs were created, mostly through the fiscal stimulus.

IV. Productive capacity, investment and competitiveness

40. A sustained public effort to bring in private investment to address infrastructure gaps would rapidly contribute to enhancing productive capacities and generating much-needed jobs in developing countries. It should be coupled with easier access to credit for productive enterprises, especially micro-, small- and medium-sized enterprises, and reforms to foster technological change and productive diversification in line with the changing structure of the global economy and the transition to sustainable development.

41. The United Nations Conference on Trade and Development (UNCTAD) defines productive capacities as the productive resources, entrepreneurial capabilities and production linkages that determine the capacity of a country to produce goods and services and enable it to grow and generate jobs. The development of a small and medium-sized enterprise business sector is an essential component of productive capacity development. This is often the missing link in developing countries, where most enterprises are minuscule, operate in an informal setting without legal recognition or registration, have low productivity and are active mainly in markets where barriers to entry are very low and demand is local and saturated. While small firms could play an important role in creating employment and spurring growth, their competitiveness is undermined by inadequate infrastructure, limited access to financial and business services, poor public support to clustering and value chains and an uncertain business environment. This is particularly true for rural areas, as the potential role of micro-, small- and medium-sized enterprises in promoting rural employment, especially for young people, is hampered by a wide range of constraints which reinforce each other.

42. Addressing gaps in infrastructure — with respect to transport, housing, energy, water, information and communication technology and regional infrastructure — could open up markets and relieve constraints to development of micro-, small- and medium-sized enterprises, while providing public goods that improve workers' productivity over the long term. The growth and employment multiplier of investment in infrastructure is strong.[11] Indeed, mobilizing international and domestic resources for investment in infrastructure in the least developed countries is one main priority of the Istanbul Programme of Action.

43. Greater access to domestic financial resources on affordable terms is also essential for higher productive investment by micro-, small- and medium-sized enterprises in developing countries. Many developing countries, following the advice of international financial institutions, deregulated their financial sector and discontinued specialized credit facilities for micro-, small- and medium-sized enterprises, resulting in a decline in access to affordable credit for such enterprises. This trend needs to be reversed; Governments should ensure affordable credit to strategically important sectors and prevent excessive high bank lending rates. Provision of credit by public financial institutions and provision of guarantees for certain types of credit or joint public/private financing are possible measures, if properly managed, to exert such influence.

44. The long-standing neglect of agriculture in many developing countries should be reversed, especially in African least developed countries. There are significant investment opportunities with the potential to increase productivity and earnings in rural areas, helping poor countries cope with climate change and ensuring domestic supply of food in the face of volatile international prices. However, Governments should be extremely cautious in opening up the agriculture sector to foreign investment. There are concerns that land grabs by foreign investors might not necessarily improve domestic food security. Instead, Governments should support smallholder farming and production of local food crops. The economic and employment multiplier effects of smallholder farming are well known.

[11] Justin Yifu Lin and Doerte Doemeland, "Beyond Keynesianism: global infrastructure investments in times of crisis", Policy Research Working Paper, No. 5940 (World Bank, 2012).

45. Parallel to an intensification of environmentally sustainable agriculture, it is essential to promote an increase in non-farm wage employment, self-employment and entrepreneurship in order to absorb the large numbers of the underemployed and the new entrants to the labour market (especially young people and women). Investing in agriculture and rural development in order to achieve a well-integrated domestic economy, with strong intersectoral and rural-urban linkages, will set developing countries on a higher path of sustainable and job-rich growth.

Box 5
Comprehensive Africa Agriculture Development Programme

Through the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP), African countries are committing to the targets of raising agricultural productivity by at least 6 per cent per annum and public investment in agriculture by 10 per cent. The Programme focuses on improving food security and nutrition and increasing income in Africa's largely farm-based economies. It serves as a policy framework for national and regional programmes for investment and action in pursuing increased and sustainable productivity in agriculture, forestry, fisheries and livestock management. The programme has the potential to integrate objective and evidence-based mechanisms and programmes to address decent employment in a gender-sensitive manner.

46. The array of constraints to business remains large in poorer settings, as they include lack of skills and limited access to information, social networks, value chains and technology. Policymakers can help small firms to integrate into, and reap more benefits from, local and international value chains by facilitating the formation of cooperatives that combine microproducers and small producers into larger aggregates and can capitalize on economies of scale. Providing business services and strengthening capacities to understand, adapt and use technology remain paramount.

47. One important policy question is how to address the constraints that affect the capacity of household and (very often informal) micro-enterprises that operate in traditional sectors and account for the bulk of jobs in developing countries to grow and generate earnings. This can only be achieved gradually, as the drivers of informality are multiple and deeply rooted in long-standing development gaps and weaknesses. Tackling informality requires integrated approaches, including access to markets, entrepreneurial skills, finance, business services and local development strategies. Strengthening the organization and representation of informal economy workers (employees and self-employed), as well as improving regulations and providing assistance with compliance, are also essential requirements. Extending the coverage of social insurance can be very important to provide some immediate relief to subsistence enterprises while waiting for the effects of reforms (see section VII below).

48. Redistributive policies financed out of tax revenues collected in the modern sector might be needed to sustain income and local purchasing power and to ensure

some accumulation of skills and other productive assets in the traditional sector. Successful domestic revenue mobilization, on which redistribution policies depend, requires reforms to enhance the effectiveness of tax administration, close loopholes and strengthen compliance without overtaxing the modern sector. The role of aid as a catalyst to support strengthened tax systems and good practice standards for such support has been well documented and has gained increasing attention in the international debate of late.

V. Strengthening skills and labour markets for inclusive and equitable growth

49. A wide range of policies and regulations can be used to improve labour market opportunities for individuals by helping them obtain necessary skills and facilitating labour market transitions — from school to work, out of unemployment or between jobs — while ensuring protection from discrimination and unfair treatment, including on grounds related to gender and health. Countries that have been most successful in skills development (such as Costa Rica, New Zealand and the Republic of Korea) were able to sustain a "virtuous circle" of coordinated policies linking education systems, skills formation, employment and decent work. They made high quality education broadly available and introduced mechanisms to match supply to the current demand for skills, often by means of linking training providers and employers at sectoral and local levels. They helped workers and enterprises adjust to change and used skills strategically as a core element of industrial, technology and trade policies to move from lower to higher productivity activities and facilitate investment in new industries. Involving workers and the private sector was a main feature of this circle. Private sector investment in training and building of skills is fundamental.

50. Although high quality basic education remains a development imperative, after years of neglect, there is renewed emphasis on the potential benefits of higher levels of education and technical training on employment. Linking technical and vocational education and training with on-the-job training and training-related active labour market policies, through apprenticeships and effective school-to-work programmes, is a powerful tool to enable people to acquire employable skills and generate income through wage-earning jobs or self-employment. In the private sector, effective training systems have facilitated demand-driven training in sectors and locations with high job growth potential, avoiding bottlenecks and improving employability, with solid labour market information and analysis adding significant value. Training institutions were seen as true "service providers" and were made accountable based on their impact on labour market outcomes.

51. Expanding the accessibility of high quality training is a powerful instrument for empowerment and inclusion of women and disadvantaged groups, such as young people, rural dwellers and persons with disabilities. In some cases, apprenticeships in the informal economy can offer young people an opportunity to learn a trade and enter the world of work. In the poorest countries, particularly in Africa and South Asia, informal or traditional apprenticeships are the largest provider of skills for the mostly informal — labour market, far surpassing the output of formal education and training institutions.

52. It is most effective to upgrade informal apprenticeship by capitalizing on existing structures and addressing main deficits. Apprentices acquire the skills for a trade or craft in a micro-enterprise or small enterprise, learning and working side by side with experienced craftspersons; they learn technical skills and are inducted into a business culture and network that makes it easier for them to find jobs or start businesses upon completion of their apprenticeship. A step-by-step approach combining different types of interventions may be required to improve the quality of training and of skills acquired, working conditions, skills recognition beyond the local community, financial arrangements and young women's access to non-traditional occupations. ILO is currently piloting this approach in Bangladesh, Benin, Burkina Faso, the United Republic of Tanzania and Zimbabwe. Special attention should be paid to avoiding infringements on decent work, including abuse with respect to hours, pay, health and safety, as well as the persistence of gender stereotypes and occupational segregation.

53. Skills development is a popular response to the challenge of unemployment of young people. Effective programmes usually involve packages of training combined with labour-market services. These aim at providing advisory services and career guidance, vocational counselling, job-search assistance and job placement, as well as access to different types of training, including combinations of learning and earning through apprenticeships or subsidized employment in return for on-the-job training. Successful entrepreneurship programmes provide basic business skills and link would-be entrepreneurs to mentoring, finance and market opportunities. In the context of the global economic crisis, packages of training, job-search assistance and job placement have been introduced or expanded in countries including Argentina, Germany, Greece, Hungary, the Netherlands, Peru, the United Kingdom of Great Britain and Northern Ireland and the United States of America. These integrated approaches are needed to assist young people in their transition from school to work and to tackle the multiple constraints they face in the labour market. However, they can be expensive to fund and administer.

54. Clearly, the potential benefits of training are not realized without job-rich growth. The situation in North Africa and the Middle East, where many unemployed and discouraged young people are highly educated, suggests that investment in human capital is an absolute value but, alone, is not sufficient to generate employment if conditions for the development of sustainable enterprises are absent. Similarly, to the extent that job creation is constrained by gaps in aggregate demand, active labour market policies that reduce information and search costs can have a limited impact in generating new jobs on a large scale or helping job seekers find new opportunities in alternative sectors or firms.

55. The expansion or introduction of public employment schemes has been a common means to respond to the global crisis, adopted by 34 out of a sample of 43 countries surveyed by the ILO and the World Bank (examples include Australia, Argentina, Bangladesh, Ghana, Jamaica, Philippines, Republic of Korea, Saudi Arabia, Serbia, Uganda, United States and Uruguay).[12] Some recent innovative public programmes have proven effective in providing employment and social protection to young people living in poverty, while creating a small-scale

[12] Florence Bonnet, Catherine Saget and Axel Weber, "Social protection and minimum wages responses to the 2008 financial and economic crisis: findings from the ILO/World Bank Inventory", Employment Working Paper No. 113 (Geneva, ILO, 2012).

infrastructure to increase productivity in disadvantaged economies or adaptation to climate change. These include the National Rural Employment Guarantee Act in India and expanded public works programmes in Ethiopia, Kenya, Mali and South Africa. Such programmes are mostly implemented in rural areas. Governments need to find similar innovative programmes for urban young people, especially educated young people.

56. Good institutions and regulations are essential for the labour market to work efficiently, while ensuring inclusion and equity. Labour market regulations have a fundamental role in promoting worker protection, including provisions on such issues as minimum age, minimum salary, unfair dismissal, maximum hours and overtime, job benefits, occupational health and safety, and antidiscrimination policies to protect women, persons with disabilities, minorities and migrant workers. Such provisions not only protect the dignity and rights of the worker as embodied in international labour standards, they also mitigate the costs of market failures to individuals and the economy in general. For instance, without severance pay, employers would not internalize the social costs of dismissing a worker, such as the costs of unemployment borne by the individual, as well as by the Government. Official development assistance often serves as an incentive to promote accountability and transparency, Government effectiveness, the rule of law and human rights, all of which are relevant preconditions for sound national labour policy.

57. The function of labour market institutions is a highly controversial issue that has been at the centre of policy debate for decades. Efforts to assess empirically their economic impact have brought mixed results, with most studies tending to neglect the wider benefits of protection, focusing only on the constraints posed upon business. By and large, the prevailing attitude had been to assume that worker protection was a luxury that most enterprises in developing countries could not afford. To some, it even appeared to be a main factor underlying the spread of informal economic activities in poor countries, although institutions such as employment protection legislation applied only to the small minority of workers in the formal economy and were often poorly enforced. It should be noted that, in surveys about the perception of constraints among enterprises in developing countries, labour regulations are rarely a major concern compared with issues such as corruption or lack of infrastructure, finance or skills.[13]

58. A recent perspective suggests that strengthening labour market institutions can help generate sustainable jobs in three main ways: (a) by narrowing income inequalities through inclusive labour markets and stronger social protection; (b) by increasing productivity through measures that support labour mobility while encouraging employment stability; and (c) by promoting mechanisms for wage determination that raise living standards for all working families and ensure that earnings grow in line with productivity.[14] Good design is critical to successful outcomes. Independent and representative trade unions and employers' associations play an important role in ensuring a legislative framework and a modus operandi that strike a balance between economic efficiency, growth and worker protection.

[13] World Bank, Enterprise Surveys (available from http://www.enterprisesurveys.org).

[14] ILO and IMF, "The challenges of growth, employment and social cohesion" (Geneva, 2010).

59. In developing countries, formal labour market institutions usually focus on unfair dismissal and the setting of a minimum wage; however, labour market institutions, in general, suffer from limited capacity and poor governance. In most poor countries, the main issue is not unemployment and the lack of jobs, but the lack of decent work. A clear priority is to strengthen labour market institutions while reducing unnecessary administrative hurdles and costs. This could encourage the formalization of enterprises while improving effectiveness in achieving the original purpose of protecting workers. It is important to promote the ratification and implementation in law and practice of international labour standards and to extend representation rights to all categories of workers, including rural workers, women and indigenous people. Collective bargaining and freedom of association, organization and representation of workers and employers, associations of self-employed, cooperatives and community organizations — often weaker in developing countries — have important developmental impacts. As informal, non-contractual forms of work abound, it is also important to design innovative schemes for the extension of protection to workers that are out of the reach of regulations and laws, including through employment guarantee schemes and social transfers.

VI. Effective social protection programmes for poverty reduction and resilience

60. Effective social protection is a key component of a comprehensive policy package aimed at strengthening domestic sources of economic growth, reducing poverty and enhancing resilience to shocks. The repercussions of the global financial and economic crisis, and of high food prices and increasing food price volatility, clearly underline the role of social protection in enhancing the resilience of individuals, families and communities in adjusting to shocks, stabilizing the economy and adapting to structural transformations of the economy and the labour market. Countries that had social protection schemes in place before the crisis were able to respond in a more timely and effective manner compared to those that did not. Social protection is also key to ensuring that the most marginalized populations are able to overcome social, economic and discriminatory barriers to accessing services.

61. Despite significant progress in recent years, a large majority of the world's population still does not enjoy comprehensive access to social protection. ILO estimates show that well more than half of the global working-age population cannot expect to receive any kind of old-age pension, and are thus exposed to a considerable degree of income insecurity in old age. Regional estimates show that this is true for about three in four individuals in Sub-Saharan Africa and two of three individuals in Asia. Less than one fifth of the global working-age population is covered by social protection in case of unemployment. A large proportion of the global population is not covered by any form of social health protection through health insurance or access to public health services, and thus faces a lack of access to health-care services in case of need. High out-of-pocket payments for necessary health-care services, particularly for persons with disability and migrant workers, still constitute an important poverty risk in many parts of the world.

62. The following examples of national experience show that closing gaps in social protection coverage contributes to reducing poverty, inequality, social insecurity and social exclusion, and to promoting sustainable economic and social development. China, Colombia, Ghana, Rwanda, Thailand and Viet Nam have significantly expanded insurance coverage by introducing or expanding subsidized health insurance contributions and improving the quality of health services. They have made considerable progress in increasing the coverage of the population, widening effective access to health services and reducing health-related poverty risks. Brazil, Chile, Mexico and Nicaragua, among others, established and expanded cash transfer programmes that explicitly linked cash transfers to poor families with children to conditions such as school attendance and participation in vaccination and other health prevention programmes. Other countries, such as Argentina and South Africa, extended their cash transfer programmes to school feeding and poor families in order to strengthen early investments in the nutrition, health and education of children and improve their chances of engaging in decent and productive employment in the long run.

63. Bolivia (Plurinational State of) and some small States, such as Cape Verde, Lesotho, Mauritius, Namibia and Nepal, among others, introduced non-contributory pensions to their elderly populations, which, despite their generally modest benefit levels, provided critical contributions to reducing poverty in old age. India's Mahatma Gandhi National Rural Employment Guarantee Scheme has provided more than 50 million households in rural areas with 100 days of guaranteed employment or cash transfers in 2009 and 2010. Bahrain and Viet Nam, among others, have introduced unemployment insurance benefits in order to ensure income security and support in finding a new job through employment services to unemployed workers.

64. A number of countries, including Argentina, Benin, Burundi, Cambodia, Ghana and Thailand, have adopted comprehensive social protection strategies that aim at extending social security coverage and building their national social protection floor. Burkina Faso, Cambodia and Honduras pursue integrated social protection and employment policy frameworks that aim at effectively reducing poverty in the short term and fostering social development in the long term. The benefits of extending social protection policies in a well-coordinated and institutionalized way is highlighted in the experience of a small island developing State, Cape Verde, which graduated from least developed country status in 2007. Cape Verde has taken bold steps to progressively build a social security system that combines contributory and non-contributory benefits, including institutionalizing its large-scale school feeding programme.

65. The increasing recognition of social protection as a means for reducing poverty and enhancing resilience has been channelled into a global initiative to promote national social protection floors within progressively comprehensive national social security systems. The Social Protection Floor Initiative, established in 2009 as one of the joint United Nations crisis response initiatives, promotes this objective as a key component of economic and social development. Systematically linking the areas of social security, employment, health, education, nutrition, housing and sanitation, national social protection floors enable the realization of rights enshrined in the Universal Declaration of Human Rights and relevant international conventions, and accelerate progress towards achieving the Millennium Development Goals.

66. National social protection floors can be realized by a broad range of means, including contributory and non-contributory schemes, providing benefits in cash or in kind, means-tested or not, depending on national circumstances. Various United Nations agencies have shown that a basic floor of social transfers is affordable in all countries at all stages of economic development, although the least developed countries may initially need assistance from the donor community. The International Labour Conference will discuss a proposed recommendation in June 2012, which would — if adopted — provide flexible and meaningful guidance to Member States in establishing and further developing their social protection floors within progressively comprehensive social security systems.

VII. Promoting sustainable development

67. Climate change mitigation and adaptation can be seen as a process of structural economic and social change towards the use of renewable energies, climate-friendly technologies, low-carbon equipment and appliances, and more sustainable modes of production and consumption. In this process, adjustment costs will occur, but, at the same time, new market opportunities will arise and new jobs and incomes will be generated. Sustainable development therefore implies a transition to a green economy where economic, social and environmental challenges that are closely intertwined are tackled together. It is likely to be much more difficult to realize progress if the global economy is in recession, unemployment is rampant and social inequalities are widening. On the other hand, public policies to respond to the present jobs crisis — if formulated with green in mind — provide a singular opportunity to set a path towards environmentally sustainable growth.

68. Public and private investments to stem or mitigate the causes of climate change can be used for stimulating the economy and creating employment. New "green collar" jobs and occupations will emerge, as new types of skills and competencies will have to be incorporated into existing occupational profiles. Developing new training curricula and launching green entrepreneurship promotion campaigns, for example among young people, should be grounded in new green skills requirements in the labour markets.

69. The social dimension is an integral part of a successful transition to a green economy. Alternative adjustment measures should be assessed with the inclusion of the different social impacts of green economy transitions and their potential benefits. Policies that aim directly at poverty reduction, such as investment in education and access to basic services, including water, sanitation and energy, should continue to be prioritized. In addition, investment in the natural assets on which poor communities depend for their livelihoods, should be enhanced, including agriculture, fisheries and forestry. Social security and social protection can play powerful complementary roles in reducing vulnerability, enhancing adaptive capacity and absorbing the residual impact of climate change not buffered by adaptation measures.

70. In all countries, there will be winners and losers in the labour market. Workers and employers will be affected differently — positively and negatively — by sustainable development policies. Policies to reduce unsustainable production patterns may contract employment and enterprises in some sectors and countries, while policies to encourage, for example, renewable energy and low-emission transportation, are likely to expand employment opportunities. A fair and well-

managed transition for workers and entrepreneurs through the rapid changes is required, involving consultations, social dialogue and active labour market policies, particularly relating to the needs of the most vulnerable.

71. The Secretary-General has proposed the Global Green New Deal to accelerate economic recovery and job creation while addressing sustainable development, climate change and food security challenges by front-loading massive public investments in developing countries in renewable energy and smallholder food agriculture to induce complementary private investments in sectors previously lacking private sector interest. Global cross-subsidization and large-scale public investment would be required in order to attract private investment. Following years of easy credit and overinvestment before the crisis, the world now faces underutilized capacity in most profitable economic sectors. There is therefore an understandable reluctance to invest on the part of the private sector. In this situation, only well-coordinated cross-border public investments can fund the needed green public goods and induce complementary private investment to address these global challenges. Such investments would contribute not only to sustained economic recovery, but also to climate change mitigation, while advancing developing countries' developmental aspirations and ensuring affordable food security.

72. Globally, the agriculture sector provides over 1 billion jobs, and in many developing countries, agriculture generates from 20 per cent to more than 50 per cent of national GDP. Furthermore, the majority of poor people live in rural areas, with incomes based on agriculture. The agriculture sector therefore needs a fundamental paradigm shift towards more sustainable practices and technologies. The application of green agricultural methods could become a key driver to reduce environmental degradation and poverty by increasing farm yields and returns to labour, improving ecosystem services and securing the livelihoods of poor people who depend directly on such services. It involves moving towards "climate-smart agriculture", which is defined as agriculture that sustainably increases productivity and resilience and reduces greenhouse gases, while enhancing the achievement of national food security and development goals.

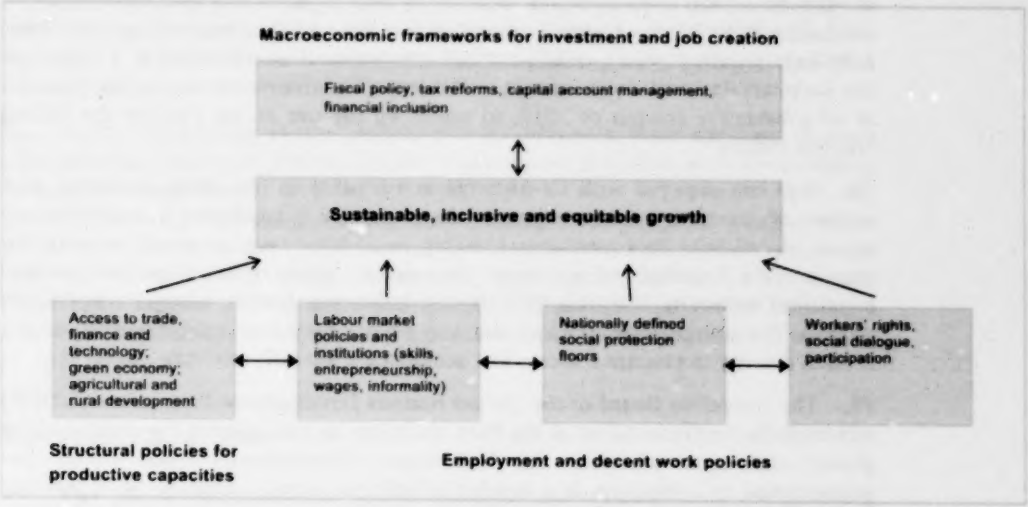
73. Economic and market barriers to technology transfer and low levels of external financing may constrain green investments in developing countries. There is a need to strengthen financing and technical cooperation provisions for technology transfer through development cooperation programmes, external assistance grants and loans, export credit funding and foreign direct investment.

VIII. Policy coherence for decent work and full and productive employment

74. The Global Jobs Pact is premised on a combination of measures to produce better and more lasting results. Most policy measures have secondary effects that either reinforce or weaken the effects of measures in related areas. Policy coherence is of paramount importance in achieving the objective of promoting a stronger job-rich recovery leading to sustainable, inclusive and equitable growth. A sustained generation of decent and productive jobs will be achieved only through implementation of macroeconomic, employment and labour market policies that complement each other. Industrial, trade and sectoral policies also play important roles in enhancing the organizational capabilities of firms, innovation, technological

progress, productivity and longer-term sustainability. Connecting those policies with skills and training systems has been an important ingredient of success in many countries. The figure below provides a simplified framework for coherence of policies to achieve sustainable, inclusive and equitable growth.

Figure
Framework for policy coherence


Macroeconomic frameworks for investment and job creation
Fiscal policy, tax reforms, capital account management, financial inclusion
Sustainable, inclusive and equitable growth
Access to trade, finance and technology; green economy; agricultural and rural development
Labour market policies and institutions (skills, entrepreneurship, wages, informality)
Nationally defined social protection floors
Workers' rights, social dialogue, participation
Structural policies for productive capacities
Employment and decent work policies

Source: ILO.

75. Each set of policies related to skills and labour markets, the green economy or social protection will require multisectoral coordination across policy areas, extending beyond the direct responsibility of single ministries. The creation of synergies through the systematic promotion of mutually reinforcing policy action across Government departments and agencies is necessary in order to achieve multidimensional objectives, such as poverty eradication. The pursuit of policy coherence in the conduct of public affairs, however, is a challenging task, as policymaking is a complex process in which multiple goals must be pursued in parallel and the conflicting requirements of diverse constituencies balanced. Policymakers, moreover, may operate in an uncertain and evolving environment, with limited information and imperfect knowledge of the impacts and trade-offs associated with a given policy lever. Reviews of institutional good practice offer some insight on the procedures and tools that may work more effectively. Those reviews show the importance of the commitment by political leadership to a given policy objective, a strategic policy framework, an efficient and flexible bureaucracy, good information and analysis and a transparent decision-making process.

76. Opportunities for coherence are provided through multiple means, such as interministerial mechanisms, local and sectoral councils, value chains and clusters, and social dialogue platforms. Tripartite consultations with employers and workers' organizations can provide a significant degree of practical knowledge and commitment to synchronize economic and social policies. Social dialogue plays an important role in contributing to policies and regulations that ensure efficient and inclusive labour markets, increases in productivity and a fair sharing of the earnings.

77. United Nations agencies are well placed to assist Member States to enhance their capacities for coherent policymaking, collecting and analysing relevant information, encouraging the participation of multiple stakeholders and policy dialogue, setting methodologies and benchmarks for monitoring and evaluation, and supporting the sharing of good practice and peer reviews. This role was acknowledged by the Economic and Social Council in its resolution 2010/25, in which it requested the United Nations funds, programmes and specialized agencies to take the Global Jobs Pact into account in their policies and programmes. In its resolution 2010/37, the Council reiterated that the agenda contained in the Global Jobs Pact required policy coherence and international coordination and requested the Secretary-General, in his report to the annual ministerial review of the Council at its substantive session of 2012, to report on the use of the Pact by the United Nations system.

78. ILO has engaged with its tripartite constituents in providing assistance to a number of countries that have expressed their intention to implement a comprehensive set of Global Jobs Pact measures. Country scans have been prepared to detail the impact of the financial and economic crisis and to outline policy responses in seven countries (Argentina, Bulgaria, El Salvador, Indonesia, Jordan, Mongolia and South Africa). The scan provides the key elements needed by the national tripartite process in each country to prepare policies that accelerate a job-rich recovery.

79. The Executive Board of the United Nations Development Programme (UNDP) endorsed the implementation of the Pact, outlining its relevance in the context of the global crisis and achieving the Millennium Development Goals. UNDP has strengthened its operations in a number of relevant areas, including skills training and childcare for single mothers, collection and use of gender disaggregated labour market data, promoting entrepreneurship and self-employment (particularly among young people), public employment programmes and the employment dimension of each of the Millennium Development Goals.

80. Most other United Nations bodies have taken steps to respond to the demands of Member States for assistance in addressing the labour market concerns raised by the crisis, although not always in the form of explicit support to a comprehensive Global Jobs Pact approach. UNCTAD made employment a topic of its trade and development report and plans to discuss new partnerships for trade and development, including with regard to employment-enhancing policies, at its thirteenth session, in April 2012, in Doha. The United Nations Children's Fund (UNICEF) is exploring means to boost fiscal space and investment in the most vulnerable groups of society in order to promote recovery for all. The Food and Agriculture Organization of the United Nations (FAO) is engaged in promoting decent rural employment, specifically with respect to informal employment in agriculture, agro-processing and rural marketing enterprises and industries, as well as small-scale, self-employed and informal agricultural occupations. The United Nations Population Fund (UNFPA) is researching the linkages between population dynamics, employment creation, food security and poverty. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is working on a holistic approach to education and technical and vocational education and training.

81. The proliferation of inter-agency initiatives related to productive capacities, employment and decent work is an important development that can contribute to stronger policy design and implementation. Inter-agency cooperation makes

available a pool of expertise, resources, capacity-building and knowledge networks that countries can rely upon in their policy and programme development. Some initial impetus was provided by the joint crisis initiatives of the United Nations System Chief Executives Board for Coordination (CEB). Each initiative was coordinated by a lead organization working together with a cluster of cooperating organizations and each covered one of several areas relevant to the Global Jobs Pact (e.g. the social protection floor, food security, trade, technology and innovation and a greener economy generating green jobs). New inter-agency work has started on rural development and sustainable tourism for job creation and poverty eradication. Some drive has also been provided by the G20 in eliciting inter-agency cooperation on value chains and the crafting of a global training strategy.

82. As the "Delivering as one" reform process advances, there are signs of more coherent programming of United Nations country-level activities, with some priority assigned to employment and decent work. Employment of young people, for instance, figures prominently and is a special theme in some regions. In spite of the major effort made by international organizations to coordinate their engagement with national strategic planning mechanisms, ensuring coherent policy advice and programme support remain major challenges. Unless national policy coherence mechanisms are strong, international support can result in policy initiatives working at cross purposes.

IX. Recommendations

83. **The long aftermath of the global financial and economic crisis is having a dramatic impact on jobs, decent work and well-being, exacerbating long-standing concerns related to poverty and widening inequality. With this in view, the following recommendations are made.**

Need for global action

84. **In the framework of credible medium-to-long-term fiscal consolidation plans, urgent action must be taken at all levels to regain momentum for coordinated policies aimed at boosting the real economy, jobs and incomes globally. This would entail greater focus on concrete employment and decent work policies at the global level, as well as bold national initiatives in all countries, in particular those with greater fiscal space.**

85. **All stakeholders should collaborate with the United Nations system to create a United Nations youth volunteers programme, and support the Secretary-General's call for a stronger partnership with and for young people, by strengthening the youth focus of programmes on employment, entrepreneurship, political inclusion, citizenship and protection of rights, and education.**

86. **Peer learning and knowledge-sharing among all countries and stakeholders should be enhanced through good practices that foster productive capacities, decent work and social protection floors.**

87. **Productive capacities, employment, decent work and social protection should be made more prominent in the post-2015 development agenda, with**

appropriate targets and indicators in line with the original core values and objectives of the Millennium Declaration, particularly in view of their importance in addressing growth, poverty and inequality.

Policies to build productive capacities, support employment and trigger structural change

88. **Using the Global Jobs Pact as a framework, public and private investments should be increased in infrastructure for urban and rural development, strengthening skills and labour markets, extending income support to the vulnerable and setting conditions for a just transition to green growth. Governments should promote domestic and foreign direct investment and countercyclical measures to help build future productive capacities and trigger structural change, enhancing their efforts to pursue the goals of full employment and poverty eradication in line with national circumstances, priorities and needs.**

89. **Governments should reconfigure policies to promote broad-based economic growth, innovation and sectoral diversification. A sustained public effort to attract private investment to address gaps in infrastructure will contribute to unleashing productive capacities and creating jobs, especially in developing countries. South-South and triangular cooperation can be a catalyst for such efforts. Skills development can make a critical contribution, through coordinated policies linking education, skills formation, employment and decent work. Involving the private sector is essential. Connecting training providers and employers can be especially effective at the sectoral and local levels.**

90. **Special attention should be paid to supporting micro-, small- and medium-sized enterprises, as the most dynamic sources of employment. Small entrepreneurs in all countries should be provided easier access to bank credit. The integration of such enterprises into local and international value chains can be facilitated by forming cooperatives and associations of microproducers and small producers. The multiple drivers of informality should be tackled through integrated policy packages that promote a gradual transition to formal activities.**

91. **Investment in agriculture is critical to reducing poverty and achieving a well-integrated domestic economy with strong intersectoral and rural-urban linkages. Improvements in agricultural productivity and rural non-farm employment can boost earnings in rural areas and help countries and households cope with shocks caused by climate change and volatile food and fuel prices. Gender-sensitive agricultural investment is also crucial to unleash the vast possibilities for contribution by women small-scale producers.**

92. **Governments, businesses, workers and trade unions should jointly develop green economy road maps in key industrial sectors, with concrete goals and benchmarks, including for net creation of jobs and poverty eradication. Building green economies for more inclusive, sustainable and equitable growth will require new investments, skills formation, technology development and transfer and capacity-building. International cooperation in those areas should be strengthened, and innovative sources of financing developed. Targeted measures, such as worker retraining and aid for trade, can assist with minimizing transition costs.**

93. **Employment objectives should be integrated in national strategic policy frameworks to ensure greater policy coherence, and macroeconomic frameworks should explicitly take into account the goals of job creation and poverty reduction. Tax policy can play an important role in employment generation and fair redistribution of earnings. Policies should be formulated and implemented through broad-based social dialogue and with attention to the quality of governance and public services.**

Focus on the quality of jobs and livelihoods

94. **Governments and partners in civil society and the private sector should work together to facilitate the upgrading of qualifications, job-search assistance and the successful transition of young people from education to work. The lack of high-quality job opportunities, especially for young women and men, should be addressed as a critical priority in both industrialized and developing countries. Well-designed, active labour market policies linked with technical and vocational education, on-the-job training and apprenticeships — both formal and informal — are essential for skills development, employment and entrepreneurship and can help alleviate unemployment and underemployment.**

95. **Governments should implement public employment programmes that have proven valuable in addressing unemployment and underemployment of young people and those from disadvantaged groups, such as persons with disabilities. Successful public employment schemes provide employment and social protection to those vulnerable to poverty, while simultaneously building small-scale infrastructure, skills and other assets, which can, in turn, increase productivity.**

96. **Countries should adjust their legislative frameworks to strike a balance between economic efficiency and labour protection, while fully respecting fundamental principles and rights at work and promoting the ratification and implementation in law and practice of international labour standards. Measures to ensure wages grow in line with productivity are important to ensure a fair sharing of the benefits of growth and sustain a steady expansion of demand and investment.**

97. **Countries should review their social protection policies, and, where necessary, step up efforts to extend social security to larger groups of the population. National strategies to extend social security, including the establishment of national social protection floors, should be pursued based on a careful review of national priorities, existing structures and options for enhancing financial and administrative capacities. Such strategies should combine contributory and non-contributory programmes to help realize the right to social security, including at least a minimum level of income security and effective access to health care for all, particularly workers in agriculture and disabled, migrant and seasonal workers.**

United Nations system-wide coherence and coordination

98. **In order to better assist Member States, the United Nations system, including the international financial institutions, should make additional efforts**

to strengthen coherence and work in partnership to enhance policy dialogue, research, data collection and the provision of technical assistance. The High-level Committee on Programmes of the CEB could provide a platform to promote stronger inter-agency cooperation and dialogue.

99. **United Nations agencies and programmes should enhance their efforts to help countries to develop macroeconomic policies that promote employment generation, including through monetary policies more sensitive to the goals of creating productive and decent jobs. They should explore possibilities for promoting stronger synergies among policy frameworks covering financial, monetary, social and development planning. The Economic and Social Council could serve as a forum for global discussion of such matters, through its annual ministerial reviews and dialogues with the international financial and trade institutions. The Council's Development Cooperation Forum could facilitate a dialogue on how development cooperation can promote employment, decent work and social protection floors.**

100. **Economic, social and environmental policies must be developed alongside sound employment policy. Therefore, consideration should be given to the establishment of a standing agenda item of the General Assembly and/or the Economic and Social Council entitled "Full employment and decent work for all". This would help promote coherent and complementary policies, stronger monitoring of commitments, mainstreaming into the activities of United Nations agencies and programmes, and more effective integration of the three pillars of sustainable development.**